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**Returning home to work in China after sojourning overseas: What
does Justice Theory say about appropriate Remuneration for
Organizational Commitment and Retention?**

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Abstract

Foreign-invested firms in China have become a major employment destination for China returnees (people who have either worked, or studied, overseas prior to returning home to China). Some of these firms offer a local salary to China returnees, whilst others provide them with a salary that is intermediate between a local and an international salary, typically anywhere from 20% -50% higher than the local salary but still much less than the wages paid to expatriates in the same or a similar job. This paper explores how these two remuneration options (local, intermediate salary, paid to China returnees) may link to those same China returnees' perceptions of distributive justice, their organizational commitment and their possible turnover intentions. A survey of $N = 109$ returnee employees working in $n = 109$ different foreign-invested firms responded to an online questionnaire. Psychological measures included self-reported salary and preferred pay referent (local worker/foreign expatriate/returnee colleague), sense of distributive justice ($\alpha = .92$), feelings of organizational commitment ($\alpha = .91$) and thoughts about turnover ($\alpha = .92$). There were controls on social desirability and human capital (overseas professional work experience). All $N = 109$ China returnees in this research were collected by using a snowball sampling method. Salary type *itself* did not produce a main effect on China returnees' perceptions of distributive justice ($F(1, 101) = 1.61, p > .05, \eta^2 = .02$); on the other hand, a clearer effect on Distributive justice for Preferred referent was found ($F(2, 101) = 69.7, p < .001, \eta^2 = .58$). Moreover, China returnees' perceived distributive justice in salaries was found to be a joint function of both salary type and their choice of preferred pay referent ($F(2, 101) = 17.75, p < .001, \eta^2 = .21$). Specifically, workers whose main reference point was a local worker reported feeling significantly more distributive justice when they received an intermediate salary, but for those whose point of reference was expatriates, intermediate salaries were counter-intuitively linked to *reduced* distributive justice, compared to returnees who were paid a local salary. Returnees who preferred other returnee colleagues (whose

salary was always identical to their own, regardless of its type) did not differ on justice across local versus intermediate pay. When a local worker was the preferred pay referent, perceived distributive justice also fully mediated between salary type and their organizational commitment ($z = 2.43, p < 0.05$). The current research is among the first to discover the questions around foreign-invested firms' remuneration options and employee attitudes of China returnees, by developing a research model that involves major variables of salary type, preferred pay referent, distributive justice, organizational commitment and turnover intention. These findings as a whole are consistent with relative deprivation theory and with equity theory. It would be desirable in future research to have a larger sample size in order to increase statistical power to detect effects, such as the borderline mediation which was found between salary type and turnover intention when a local worker was the preferred referent.

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